

Erratum to the Residential Tenancies Authority Annual Report 2019–20

Action: Please replace page 40 with the attached page, which corrects typographical errors within the table in the Service Delivery Statement. Previously, the Efficiency measures below for three Target/Est. were incorrect:

- **2019–20** and **2020–21** Target/Est. Average annual return on investment, and;
- **2019–20** Target/Est. Total cost for RTA output (excluding grants) as a proportion of the value of bonds held.

RTA Service Delivery Statement

The Queensland Government's Performance Management Framework Policy requires the RTA to develop a balanced set of service standards and targets. The SDS document is a key accountability mechanism subject to public scrutiny and forms the basis of questioning during the Parliamentary Estimates Hearings. As part of Budget Paper 5, the statement reports on service standards and targets for the RTA's service areas, including estimated actual results against the targets set in the previous year's SDS.

Due to the impacts of COVID-19, the 2020-21 State Budget has been deferred, resulting in the Performance Statement presented in Budget Paper 5 not being published for 2020-21. To maintain accountability and compliance with the FPMS, the RTA has continued to report on financial and non-financial performance. Section 12 of the FPMS requires each agency to have systems in place for obtaining information to enable the accountable officer or statutory body to decide whether the agency is achieving the objectives stated in its strategic plan efficiently, effectively and economically. The RTA reports on the service standards along with other supporting strategic measures to the Board quarterly.

In accordance with Department of Premier and Cabinet Annual Report requirements, details of the RTA's performance which would otherwise have been contained in its 2020-21 State Budget Service Delivery Statement are:

Residential Tenancies Authority	Notes	2019-20 Target/Est	2019-20 Actual	2020-21 Target/Est
Service standards				
<i>Effectiveness measures</i>				
Proportion of disputes resolved after parties participated in the conciliation process		70%	74.1%	70%
Overall client satisfaction		75%	76.9%	75%
<i>Efficiency measures</i>				
Average annual return on investment	1	3.0%	-2.02%	2.6%
Total cost for RTA output (excluding grants) as a proportion of the value of bonds held	2	3.6%	3.8%	3.6%

Notes:

1. The coronavirus pandemic (COVID-19) had adverse impacts on the RTA's annual return on investment. The RTA's investment portfolio fund manager is the Queensland Investment Corporation (QIC) who advised the Queensland economy is expected to perform in line with the national economy, which were both impacted by COVID-19.
2. The RTA spent an additional \$3.9M in its COVID-19 response. Without these costs being incurred the proportion would have been 3.4%.

Action: Please replace page 42 with the attached page, which corrects typographical errors within the Financial Position paragraph. The incorrect statement was:

- “Overall the value of bonds held increased by \$36.7M to \$943.4M during the financial year.”

The correct statement is:

- “Overall the value of bonds held increased by \$42.6M to \$943.4M during the financial year.”

Financial performance

2015–16 to 2019–20

Financial year	Income \$m	Expenditure \$m	Grant Expenditure \$m	Surplus/deficit \$m
2015–16	27.4	32.2	5.0	(9.8)
2016–17	35.0	34.3	-	0.7
2017–18	26.1	34.0	-	(7.9)
2018–19	40.3	31.7	-	8.6
2019–20	34.4	77.7	-	(43.3)

Financial Position

Despite the fair value investment losses incurred as a result of COVID-19 impacts, the RTA had managed to accumulate sufficient cash reserves as a result of out investment strategy, with good investment returns in 2018–19 and prior to the market contraction in early 2020. These cash reserves, equivalent to 11 months of budgeted expenditure as at 30 June 2020, have allowed the RTA to continue servicing Queenslanders, including additional services provided during the early stages of the pandemic.

The RTA is still maintaining a high level of liquid assets in the rental bond portfolio allowing bond refunds to be paid as required. Overall the value of bonds held increased by \$42.6M to \$943.4M during the financial year. The RTA continues to work closely with Queensland Investment Corporation (QIC) and Queensland Treasury to ensure long-term financial stability.

Investment management

We manage our investments in accordance with Part 3, Division 5 of the *Residential Tenancies and Rooming Accommodation Act 2008* and with the Statutory Bodies Financial Arrangements Act 1982.

Earnings from the investment of rental bonds are allocated between the rental bond portfolio and the business operations portfolio. The rental bond portfolio represents the investment of all rental bonds held. It is actively managed predominantly by fund manager QIC and funds are allocated across a range of asset classes according to the investment strategy adopted by the RTA Board. The RTA has also allocated investment funds to the Queensland Treasury Corporation (QTC).

The investment mix of the rental bond portfolio is detailed from page 57 in notes 9, 10 and 11.

The business operations portfolio represents the earnings from investments and is used to fund all RTA business operating expenses and grants.